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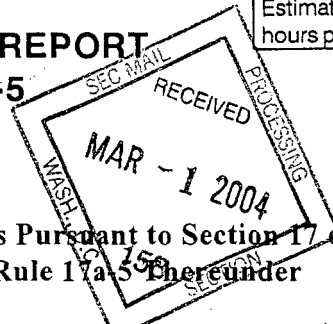
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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

At 3/12/2004

OMB APPROVAL	
OMB Number:	3235-0123
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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**



SEC FILE NUMBER
8- 53069

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/03 AND ENDING 12/31/03  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Destiny Capital Securities Corporation

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

14142 Denver West Parkway, Building 51, Suite 290

(No. and Street)

Golden

Colorado

80401-3127

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Judd L. Kramer

(303) 277-9977

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Spicer Jeffries LLP

(Name - if individual, state last, first, middle name)

5251 S. Quebec Street, Suite 200 Greenwood Village

Colorado

80111

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**PROCESSED**

**MAR 29 2004**

**FOR OFFICIAL USE ONLY**

**THOMSON  
FINANCIAL**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

At 3-25-2004

## OATH OR AFFIRMATION

I, Judd L. Kramer, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Destiny Capital Securities Corporation, as of December 31, 20 03, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

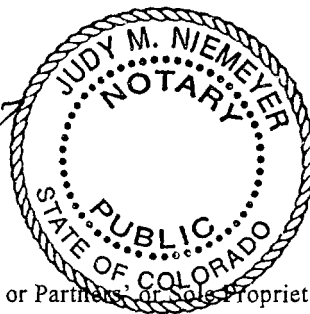
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\_\_\_\_\_

Judd L. Kramer  
Signature  
CFO  
Title

Judy M. Niemeyer  
Notary Public

*My Commission Expires 8-9-07*



This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Cash Flows.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent Auditors' Report on Internal Accounting Control.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

CRD #107942

DESTINY CAPITAL  
SECURITIES CORPORATION

REPORT PURSUANT TO RULE 17a-5(d)

YEAR ENDED  
DECEMBER 31, 2003

# DESTINY CAPITAL SECURITIES CORPORATION

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CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Destiny Capital Securities Corporation

We have audited the accompanying statement of financial condition of Destiny Capital Securities Corporation as of December 31, 2003, and the related statements of operations, changes in shareholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Destiny Capital Securities Corporation as of December 31, 2003, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in the supplemental schedule listed in the accompanying table of contents is presented for purposes of additional analysis and is not required for a fair presentation of the financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in our audit of the financial statements, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Spicer Jeffries LLP*

Greenwood Village, Colorado  
January 27, 2004

**DESTINY CAPITAL SECURITIES CORPORATION**

**STATEMENT OF FINANCIAL CONDITION**

**DECEMBER 31, 2003**

**ASSETS**

Cash and cash equivalents	\$	131 501
Commissions receivable		19 736
Due from clearing broker		26 223
Other receivable		<u>6 825</u>

<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>184 285</u></b>
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**LIABILITIES AND SHAREHOLDER'S EQUITY**

**LIABILITIES:**

Accrued expenses	\$	<u>3 415</u>
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**COMMITMENTS AND CONTINGENCIES (Notes 2 and 4)**

**SHAREHOLDER'S EQUITY (Note 3):**

Common stock, no par value; 1,000 shares authorized, issued and outstanding		148 103
Retained earnings		<u>32 767</u>

<b>TOTAL SHAREHOLDER'S EQUITY</b>		<u>180 870</u>
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<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>\$</b>	<b><u>184 285</u></b>
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DESTINY CAPITAL SECURITIES CORPORATION

STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31, 2003

REVENUE:

Commissions and fees	\$	741 872
Other		<u>2 386</u>
<i>Total revenue</i>		<u>744 258</u>

EXPENSES:

Commissions, salaries and related expenses (Note 2)	451 071
Clearing charges	41 268
Regulatory fees and expenses	34 196
Fees paid to affiliate (Note 2)	72 000
General and administrative	<u>19 655</u>
<i>Total expenses</i>	<u>618 190</u>

NET INCOME

\$ 126 068

# DESTINY CAPITAL SECURITIES CORPORATION

## STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY YEAR ENDED DECEMBER 31, 2003

	Common Shares	Stock Amount	Retained Earnings	Total Shareholder's Equity
BALANCES, December 31, 2002	1 000	\$ 148 103	\$ -	\$ 148 103
Distributions	-	-	(93 301)	(93 301)
Net income	-	-	126 068	126 068
BALANCES, December 31, 2003	<u>1 000</u>	<u>\$ 148 103</u>	<u>\$ 32 767</u>	<u>\$ 180 870</u>



**DESTINY CAPITAL SECURITIES CORPORATION**

**STATEMENT OF CASH FLOWS  
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS  
YEAR ENDED DECEMBER 31, 2003**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net income	\$	126 068
Adjustments to reconcile net income to net cash provided by operating activities:		
Increase in commissions receivable		(1 585)
Increase in due from clearing broker		(827)
Increase in other receivable		(6 825)
Increase in accrued expenses		<u>2 612</u>
<i>Net cash provided by operating activities</i>		119 443

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Distributions		<u>(93 301)</u>
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**NET INCREASE IN CASH AND CASH EQUIVALENTS** 26 142

**CASH AND CASH EQUIVALENTS, at beginning of year** 105 359

**CASH AND CASH EQUIVALENTS, at end of year** \$ 131 501

# DESTINY CAPITAL SECURITIES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### **NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Destiny Capital Securities Corporation ("the Company") was incorporated in Colorado on September 28, 2000 and is a securities broker-dealer registered with the Securities and Exchange Commission. The Company is a wholly-owned subsidiary of Destiny Capital Holdings, Inc.

The Company records securities transactions and related revenue and expenses on a trade date basis.

The Company, under Rule 15c3-3(k)(2)(ii), is exempt from the reserve and possession or control requirements of Rule 15c3-3 of the Securities and Exchange Commission. The Company does not carry or clear customer accounts. Accordingly, all customer transactions are executed and cleared on behalf of the Company by its clearing broker on a fully disclosed basis. The Company's agreement with its clearing broker provides that as clearing broker, that firm will make and keep such records of the transactions effected and cleared in the customer accounts as are customarily made and kept by a clearing broker pursuant to the requirements of Rules 17a-3 and 17a-4 of the Securities and Exchange Act of 1934, as amended (the Act). It also performs all services customarily incident thereto, including the preparation and distribution of customer's confirmations and statements and maintenance margin requirements under the Act and the rules of the Self Regulatory Organizations of which the Company is a member.

For purposes of the statement of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The Company is recognized as an S-Corporation by the Internal Revenue Service, therefore the Company's shareholder is liable for federal and state income taxes on the Company's taxable income.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **NOTE 2 - OPERATING AGREEMENT**

The Company has an operating agreement (the "Agreement") with an affiliated company, Destiny Capital Corporation ("DCC"). Under the Agreement, the Company pays DCC a monthly fee of \$6,000 to cover expenses paid by DCC, such as office space, equipment, telephone and other operational services. DCC pays the Company a monthly fee of \$12,000 to cover its portion of the payroll related costs paid by the Company. During the year ended December 31, 2003 the Company paid DCC \$72,000 and received \$144,000 from DCC in connection with the Agreement. Actual expenses are reviewed on an annual basis to determine if the cost allocations are accurate.

# DESTINY CAPITAL SECURITIES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### **NOTE 3 - NET CAPITAL REQUIREMENTS**

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. At December 31, 2003, the Company had net capital and net capital requirements of \$158,378 and \$5,000, respectively. The Company's net capital ratio (aggregate indebtedness to net capital) was .02 to 1. According to Rule 15c3-1, the Company's net capital ratio shall not exceed 15 to 1.

### **NOTE 4 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND CONTINGENCIES**

In the normal course of business, the Company's client activities ("clients") through its clearing broker involve the execution, settlement and financing of various client securities transactions. These activities may expose the Company to off-balance sheet risk. In the event the client fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices in order to fulfill the client's obligations.

The Company bears the risk of financial failure by its clearing broker. If the clearing broker should cease doing business, the Company's receivables from this clearing broker could be subject to forfeiture. In addition, the Company has deposits in banks in excess of the federally insured amount of \$100,000.

The Company's financial instruments, including cash, receivables and accrued expenses are carried at amounts that approximate fair value due to their short-term nature.

**SUPPLEMENTARY INFORMATION**

**DESTINY CAPITAL SECURITIES CORPORATION**

**COMPUTATION OF NET CAPITAL PURSUANT TO  
UNIFORM NET CAPITAL RULE 15c3-1  
DECEMBER 31, 2003**

**CREDIT:**

Shareholder's equity	\$ 180 870
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**DEBIT:**

Other receivable	6 825
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Non-allowable commissions receivable	15 667
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	22 492
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<b>NET CAPITAL</b>	158 378
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Minimum requirements of 6 2/3% of aggregate indebtedness of \$3,415 or \$5,000, whichever is greater	5 000
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<i>Excess net capital</i>	<u>\$ 153 378</u>
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**AGGREGATE INDEBTEDNESS:**

Accrued expenses	<u>\$ 3 415</u>
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<b>RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL</b>	<u>.02 to 1</u>
-------------------------------------------------------	-----------------

NOTE: There are no material differences in the above computation of net capital with that included in the Company's corresponding unaudited Form X-17A-5 Part II Filing.



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## **INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5**

The Board of Directors  
Destiny Capital Securities Corporation

In planning and performing our audit of the financial statements and supplemental schedule of Destiny Capital Securities Corporation for the period ended December 31, 2003, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission ("Commission"), we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Destiny Capital Securities Corporation, that we considered relevant to the objectives stated in rule 17a-5(g), (i) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of rule 15c3-3; and (ii) for safeguarding the occasional receipt of cash and securities until promptly transmitted to the Company's clearing organization. We did not review the practices and procedures followed by the Company in complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. This report recognizes that it is not practicable in an organization the size of Destiny Capital Securities Corporation to achieve all the divisions of duties and cross-checks generally included in a system of internal accounting control and that alternatively greater reliance must be placed on surveillance by management.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2003, to meet the Commission's objectives.

In addition, our review indicated that Destiny Capital Securities Corporation was in compliance with the conditions of exemption from rule 15c3-3 pursuant to paragraph k(2)(ii) as of December 31, 2003, and no facts came to our attention to indicate that such conditions had not been complied with during the year.

This report is intended solely for the use of management, the Securities and Exchange Commission, the New York Stock Exchange, Inc. and other regulatory agencies which rely on rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.



Greenwood Village, Colorado  
January 27, 2004